

THE ECONOMY OF INDO-CHINA

Russia incidentally involved the ruin of Japanese metallurgy. The persistence of high freight costs, even after the War, reduced and finally stopped altogether the export of Indo-China's zinc. In 1920 the lowering of freight rates was offset by a decline in the world price of metals. The colonial government had to step in with premiums, and not until 1922 was the liquidation of the stock accumulated at Haiphong completed.

In 1915 a technical report on Indo-China's zinc mines was published in France by the head of the colony's Mines Service. Slowly it percolated into the industrialist milieu. This report called attention to the favourable conditions in Tonkin for establishing a zinc metallurgy. A group of French capitalists were thereby induced to buy the rich mines of Chodien, and then to build a zinc factory at Quang-yen. Simultaneously they profited by a rise in the world price of zinc. This increase in price culminated in 1926, and declined as steadily thereafter. This decline, preceding as it did the depression, had a technical cause—a new method of extraction that has permitted the working of mines formerly considered without value. This, along with the depression, will probably keep down the price of zinc for many years. All subsequent efforts to raise its price have failed. In 1928 an international cartel proved ineffective, and the group was dissolved in 1933. On the good side, the Far East is poor in zinc mines, and Indo-China's internal market is capable of much expansion—just as her mines are capable of a far greater development. Especially important was the fact that it then employed ten thousand coolies in a region where life had always been hard.

Indo-Chinese iron has the insurmountable drawback

of inadequate quantity, but more important even is the absence of coke, without which the iron is unutilizable. The most important mines are situated in Tonkin, but there the exploitation is as yet unimportant, although in 1929 the opening of a canal to the Song-Cau has made that region accessible and exploitation henceforth possible and profitable.

The Mines Service has long pointed out that it ought well be developed in the colony. Local conditions are propitious* especially with coal mines so accessible. Markets are the most important single factor. China and Japan—especially the latter—are the best possibilities, and the quality of Indo-Chinese Iron is good. In exportation it would have to compete with the Tata output from **Italia**, or persuade the *Comité des Forges* to give up of its markets, is¹ colony's favour. It would also increase financial f&e cdbpef